BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

IN presenting herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1941, your Directors have pleasure in advising that the net earnings show an improvement over those of the previous year.

Volume of business was the largest in the Company's history, and more than offset increased labor costs, heavy importations of United States scrap at prices far above the Canadian market, and higher costs of practically all necessary supplies. Furthermore, heavy war demands curtailed sales of some of our more profitable, though non-essential, products.

After provision of $133,000 for Dominion and Provincial Taxes on income (as compared with $95,000 for 1940), net profits amounted to $151,330.10, equal to $1.08 per share, as against 93 cents earned in 1940.

Dividends totalling $84,000, at the regular rate of 60 cents per share, were paid from the year's earnings. Net current assets were increased by $101,467.04, and now amount to $1,036,018.70.

Your plant and equipment have been maintained at a high point of efficiency. Inventories have been carried into the new year on a very conservative basis.

Capacity operation of your plant has continued into the new year, and an increasingly large portion of our output is being diverted to most essential war uses. The demand is growing daily, and it would appear that, conditional upon our ability to secure necessary raw materials, our facilities will be fully employed throughout the year.

The Directors of your Company wish to express appreciation to the staff for their loyal services during the past year.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,
President.

Hamilton, March 7, 1942.

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BURLINGTON STEEL

BALANCE SHEET,

ASSETS

Current Assets:

Cash on hand and in bank		$ 158,707.72	
Investments in marketable securities (Market value $200,460.95)		193,574.65	
Life insurance policies (cash surrender value)		36,672.50	
Accounts receivable	$ 322,687.36		
Less—Reserve for doubtful accounts	10,000.00		
		312,687.36	
Stocks of raw materials and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on a basis which is not in excess of market or cost		697,020.45	
			$1,398,662.68

Capital Assets:

On basis of appraised values reported by Canadian Appraisal Company, Limited in March, 1928, with subsequent additions at cost—			
Land		$ 69,755.00	
Buildings	$ 357,646.16		
Equipment	977,058.83		
	$1,334,704.99		
Less—Provision for depreciation	894,934.06		
		439,770.93	
			509,525.93
			$1,908,188.61

AUDITORS' REPORT

We have examined the balance sheet of Burlington Steel Company, Limited as at December 3
with we examined or tested accounting records of the company and other supporting evidence and
accounting methods and of the operating and income accounts for the year, and the scope of our

We report that, in our opinion based upon such examination, the above balance sheet and
of the state of the company's affairs as at December 31, 1941, and the result of its operations for the

Toronto, March 2, 1942.

COMPANY, LIMITED

DECEMBER 31, 1941

LIABILITIES

Current Liabilities:			
Accounts payable and accrued liabilities		$ 298,628.44	
Taxes payable and accrued	$ 143,015.54		
Less—Prepayment	100,000.00	43,015.54	
Dividend payable January 2, 1942		21,000.00	
			$ 362,643.98
Reserve for Contingencies			10,000.00
Capital and Surpluses:			
Capital Stock—			
Authorized—200,000 shares without nominal or par value			
Issued and outstanding—140,000 shares		$940,000.00	
Distributable surplus (No change during the year).		116,520.54	
Profit and loss—			
As per statement attached		479,024.09	
			1,535,544.63
			$1,908,188.61

APPROVED ON BEHALF OF THE BOARD:

FRANK P. WOOD, Director.
H. J. STAMBAUGH, Director.

'O THE SHAREHOLDERS

, 1941 and the statement of profit and loss for the year ending on that date. In connection there- all our requirements as auditors have been complied with; we also made a general review of the examination of the detail transactions included extensive tests thereof.

related statement of profit and loss are properly drawn up so as to exhibit a true and correct view year ending on that date, and are as shown by the books of the company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDING DECEMBER 31, 1941

PARTICULARS		AMOUNT	
Profit from operations for the year ending December 31, 1941 before providing for depreciation and taxes on income		$323,643.00	
Income from investments	$ 6,294.60		
Deduct — Life insurance premiums less increase in cash surrender value	3,607.50		
		2,687.10	
		$326,330.10	
Deduct—			
Provision for depreciation	$ 42,000.00		
Provision for taxes on income—			
Dominion	118,000.00		
Provincial	15,000.00		
		175,000.00	
Net profit for the year			$151,330.10
Add—			
Balance brought forward January 1, 1941		$406,808.27	
Add—Adjustment of prior year taxes on income		4,885.72	
			411,693.99
			$563,024.09
Less—Dividends			84,000.00
Balance carried to balance sheet			$479,024.09